

# Workshop 5

## Bridging the benefit funding gap

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# Overview

- 19 participants; 11 countries; 13 papers
- Discussed benefits of PT, funding opportunities and the alignment between them
- We progressed T14 thinking on benefits quite considerably
- Less progress on funding but we strengthened thinking on the funding connection to benefits



	Benefits	Costs
Users (1)	Mobility/Accessibility	Travel cost
	Income-effect /social inclusion	Personal security
	Health (QoL)	Income-effect
	Capabilities (Sen)	Active travel
Non-user	(1-3) Option/existence value	(1-2(3)) Property effect
	(1-4) (future generations)	
	*(dependent capabilities)	
	(1-2(3)) Property effect Distribution (who gains or loses)	
Agencies	(including access to)	(2-4) Infrastructure (C (+d), M, O, R)
	(2-4) Health	(2) Space (sidewalks, parking....)
	(2-3) Security	(2-3) Security
	(2-3) Education	(2-4) Capacity building (knowledge, data (MAAS) platforms,....
	(2-4) Other public services (including road maintainance/road cost)	
Externalities system-internal	(2-3) Mohring-effect (75-50%)	
Externalities system-external	(2-3) Air Quality; (2-3) Health; (2-4) growth management; (3-4) economic innovation; (2-3) CSP (community social progress); (2-3) Social inclusion; (2-4) WEB; ((1-3)4-6 GHG; (2-3) reduction in congestion	((1-3)4-6 GHG; (2-4) growth management; (3-4) economic innovation; (2-3) Increased congestion (2) Encroachment costs

## Benefit categorisation framework

1= personal; 2 = local; 3 = regional; 4 =national; 5 = international; 6 = global



# Key findings on benefits (context dependent)

- Important to define who incurs the costs and who gets the benefits
  - Support equity weighting in CBA
- We should have minimum PT service levels to promote social inclusion (based on quantification on social inclusion benefits and political decision)
- The community contribution of PT operators was identified as a potential benefit in some places, with implications for contract design
- Externalities tend to be:
  - ignored in a deregulated system, which might give an underdeveloped service level
  - ignored in underdeveloped countries, but
  - overestimated in developed countries for some projects (web....)



# Funding formula

- Funding can only come from users, other beneficiaries or taxpayers
- T15 extended the model for calculating fares from T14
- *(Efficient)Marginal cost (social) of PT service* in a network sense
- *Less external benefits of PT* (funding from beneficiaries if possible)
- *Less cost of social safety-net service* (government)
- *Equals the amount to be covered by fares* (Users)
- The fare revenue might still involve fare concessions to some users
  - Preferably funded from the welfare budget





# Possible implications



- Fare cost recovery of 30-50 % might be expected in urban areas
- Lower in rural/regional areas
- Revenue raising opportunities from beneficiaries include land value capture, parking charges, employer levies and road pricing
- Services needs to be provided efficiently to reduce the funding need
- Separate funding on investment and for operation (CBA and MC-pricing)
- Fare evasion: a social inclusion problem or a funding issue?



# Policy Recommendations



- Government should establish and implement minimum PT service levels (based on quantification on social inclusion benefits)
- There should be greater focus on land value to help fund PT capital and operations
- Separate investments and operation in planning/funding
- Governments should recognise the environmental effects of Electric vehicles and align incentives with expected benefits, but note potential problems (e.g. emissions from electricity source)



# Research Priorities

- Benefits of fast rail for regional development
- Value of minimum service levels
- Priorities for data gathering process (developing countries and medium-sized cities)
  - Understand the nature of the benefits in small and medium sized towns
- How politicians view CBA
- How to tell our story: might help to bridge the gap between the analyst and politicians
- How can we use participatory planning to strengthen understanding of the benefits and costs of PT?





# Recommendations for Thredbo 16

- Bridging the decision making gap
  - Decision making needs a longer term focus. Need to look at how information and analysis can better affect the decision making process.
  - We need more reliable benefit estimates and to promote these to the wider community and decision makers
- Get more papers from developing countries, to ensure a broader agenda
- How to maximize the potential benefits of PT in an MaaS/AV world
  - Understand the network effects to maximize the efficiency
- Compact cities: need for better integration of PT and land-use
- Look at how to strengthen the role of PT in countries with weak institutional frameworks





Questions? Comments?

